

MANAGEMENT REVIEW REPORT

COMPANY INFORMATION

Date of Report: 29 August 2016

Company Name:		UEN Number:	Country:	Contact:
SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

OVERALL FINANCIAL STRENGTH RATING

5.3

EXCELLENT	GOOD	MODERATE	LOW
High Financial Strength	Above Average Financial Strength	Average Financial Strength	Low Financial Strength
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

Business Performance Rating (BPR)

5.8

Entity may be experiencing some volatility and challenges in its sales and profitability

Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent. There was a negligible movement in costs for the firm during the period. The cost of generating additional revenue was almost neutral compared to the previous year. Highly limited profit margins were recorded by the firm during the period. Very slight decline in profit margins was experienced whereas company growth has been fairly consistent year on year.

Shareholder Value Rating (SVR)

5.8

Limited value to shareholders in terms of profitability, margins and liability exposure

The shareholders attained below average returns based on their investments during the period. Firm's underlying valuation would likely be subdued during the period. High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result. There was an average profitability growth experienced by the firm, compared to the previous year. Profit levels remained modest relative to sales. May not be adequately attractive for shareholders who may demand for higher margins.

Risk and Liabilities Rating (RLR)

3.6

Very high levels of risk appetite were adopted by the firm

Somewhat high reliance of short-term creditors/financing relative to asset base - quite dependent on creditor financing in the short-term. Weak balance sheet position with high risk exposure to liabilities relative to equity. Shareholder funds were not adequate to cover all of the firm's obligations. The firm registered a faster liability growth than its sales growth during the period. The drive for expansion appeared to be driven by aggressive gearing process, rather than margins and pricing management. There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.

Productivity Rating (PRR)

5.9

Utilisation of assets and resources generated moderate levels of profits

The firm's profitability experienced a slightly negative growth compared to previous period when compared against its asset base. The use of the firm's assets had generated limited level of profitability for the business. The profitability growth experienced by the firm was average, compared to the previous year. Above average growth of the firm's asset base was experienced during the period. It appeared to be in a strong expansionary mode via asset growth.

BUSINESS PERFORMANCE RATING (BPR)

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High growth	Reasonably good growth	Very sluggish to modest growth	Very weak growth prospects
Entity is likely to experience strong revenue growth, underpinned by good net profitability	Entity has good growth prospects with more than adequate profitability	Entity may be experiencing some volatility and challenges in its sales and profitability	Very poor profitability and revenue levels - may be experiencing structural challenges in operations
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

BPR SCORE

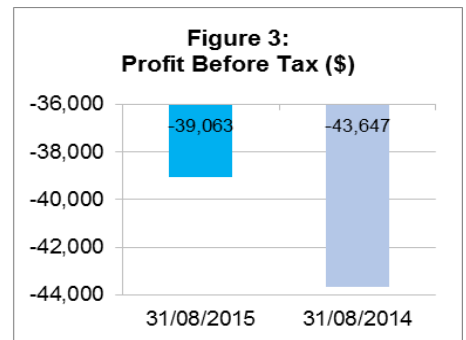
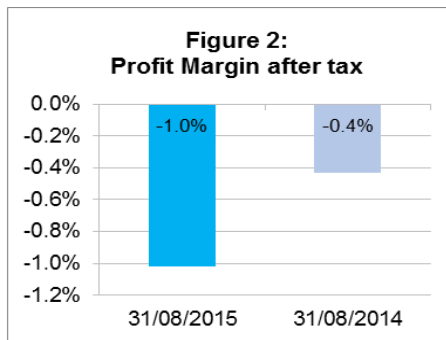
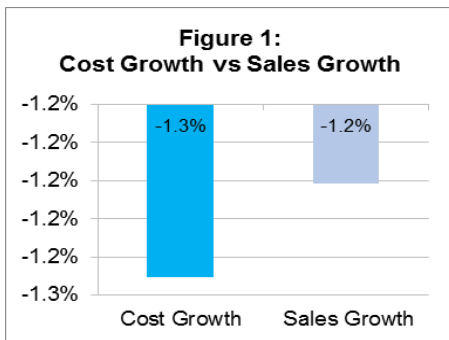
5.8

Entity may be experiencing some volatility and challenges in its sales and profitability

- Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent.
- There was a negligible movement in costs for the firm during the period.
- The cost of generating additional revenue was almost neutral compared to the previous year.
- Highly limited profit margins were recorded by the firm during the period.
- Very slight decline in profit margins was experienced whereas company growth has been fairly consistent year on year.

Optional: Business Performance Roadmap Report to identify what can be done to improve the performance.

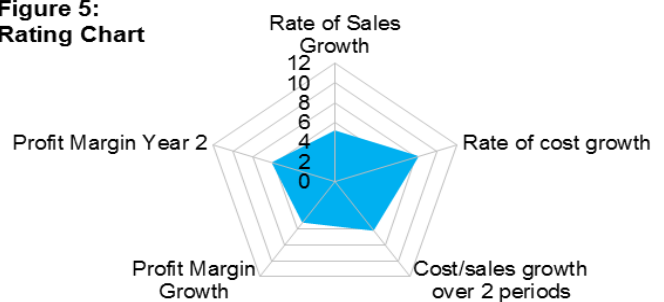
PERFORMANCE CHARTS



PERFORMANCE METRICS

Figure 4: Key Ratios	%	SGD	
		31/08/2015	31/08/2014
Rate of Sales Growth	-1.2%	Sales	
		8,107,078	8,205,666
Rate of Cost Growth	-1.3%	Cost	
		8,146,141	8,249,313
Cost/Sales Growth	-0.1%	-	-
Profit Margin (after tax)	-1.0%	Profit after tax	
		(82,895)	(35,145)
Profit Margin Growth	-0.6%	Profit Margin	
		-1.0%	-0.4%

Figure 5: Rating Chart



Rating is based on 12 being "highest rating" and 1 being "lowest rating"

HOW TO USE THIS REPORT

- If you are an investor or thinking of partnering with this company, the factors listed here could assist you in the decision whether to invest in a company or consider partnering with them via joint ventures. For creditors and debt financiers, you would want to have a good understanding of whether this company's business performance is sustainable to generate future inflows to pay existing and/or future obligations.

SHAREHOLDER VALUE RATING (SVR)

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Very High Shareholder Value	Moderately Good Shareholder Value	Limited Shareholder Value	Highly Limited Shareholder Value
High value to shareholders by way of good profitability, margins and liability exposure	Average value to shareholders in terms of profitability, margins and liability exposure	Limited value to shareholders in terms of profitability, margins and liability exposure	Highly limited value to shareholders in terms of profitability, margins and liability exposure
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

SVR SCORE

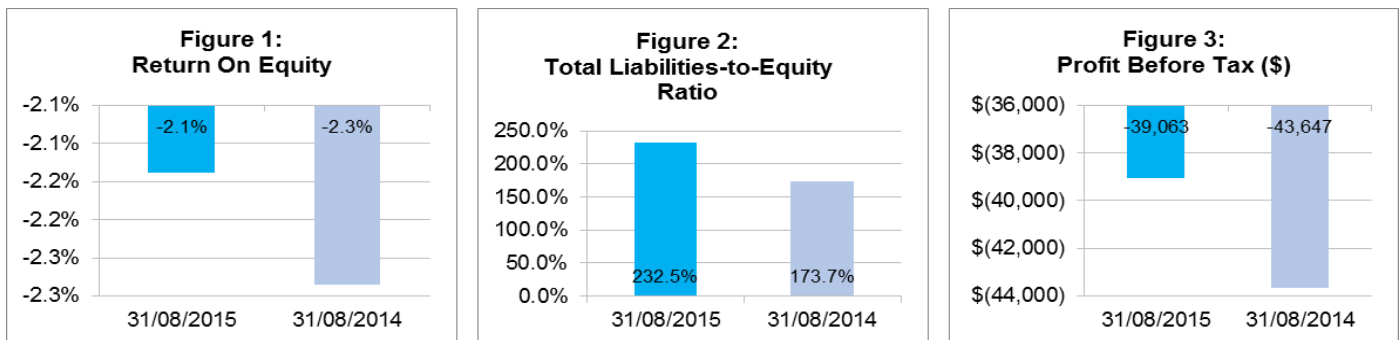
5.8

Limited value to shareholders in terms of profitability, margins and liability exposure

- The shareholders attained below average returns based on their investments during the period. Firm's underlying valuation would likely be subdued during the period.
- High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result.
- There was an average profitability growth experienced by the firm, compared to the previous year.
- Profit levels remained modest relative to sales. May not be adequately attractive for shareholders who may demand for higher margins.

Optional: Shareholder Value Roadmap Report to identify what can be done to improve the performance.

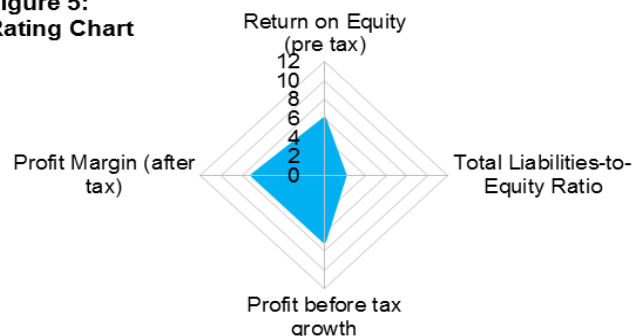
PERFORMANCE CHARTS



PERFORMANCE METRICS

Figure 4: Key Ratios	%	SGD	
		31/08/2015	31/08/2014
Return on Equity (pre tax)	-2.1%	<i>Shareholder's Fund</i>	
		1,827,041	1,909,936
Total Liabilities-to-Equity Ratio	232.5%	<i>Total Liabilities</i>	
		4,248,416	3,317,268
Profit Before Tax Growth	10.5%	<i>Profit before tax</i>	
		(39,063)	(43,647)
Profit Margin (after tax)	-1.0%	<i>Profit after tax</i>	
		(82,895)	(35,145)

Figure 5: Rating Chart



Rating is based on 12 being "highest rating" and 1 being "lowest rating"

HOW TO USE THIS REPORT

- Existing and even potential new shareholders should use this report to find out how much the profits are being generated and how these are being achieved. It is also to gauge the adequacy of returns to shareholders who may come into the firm at different period of time. Users could have a closer look at how internal reserves are used for expansion, new funds being raised to secure new markets/clients and how much dividends could be paid out to manage its ROE levels.

RISK & LIABILITIES RATING (RLR)

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Low Risk & Liabilities	Moderate Risk & Liabilities	High Risk & Liabilities	Very High Risk & Liabilities
Low level of risk & liabilities exhibited by the firm for its business operations	The firm displayed a moderate level of risk & liabilities for its business operations	The firm had adopted a fairly high risk & liabilities in managing its operations	Very high levels of risk & liabilities were adopted by the firm
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

RLR SCORE

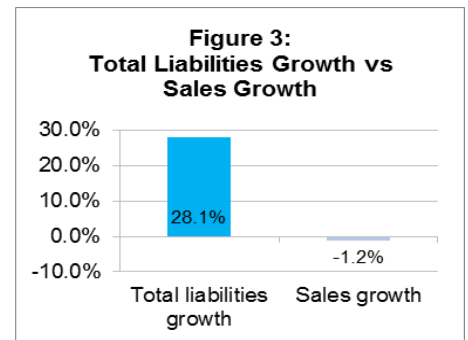
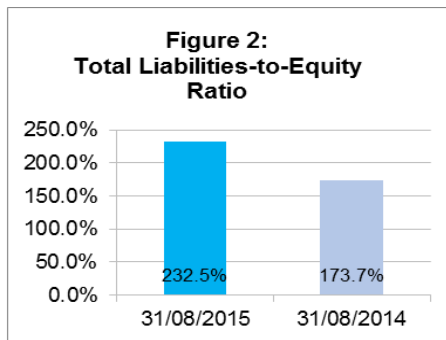
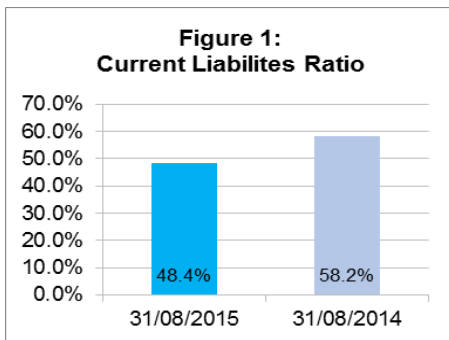
3.6

Very high levels of risk appetite were adopted by the firm

• Somewhat high reliance of short-term creditors/financing relative to asset base - quite dependent on creditor financing in the short-term. • Weak balance sheet position with high risk exposure to liabilities relative to equity. Shareholder funds were not adequate to cover all of the firm's obligations. • The firm registered a faster liability growth than its sales growth during the period. The drive for expansion appeared to be driven by aggressive gearing process, rather than margins and pricing management. • There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.

Optional: Risk & Liabilities Roadmap Report to identify what can be done to improve the performance.

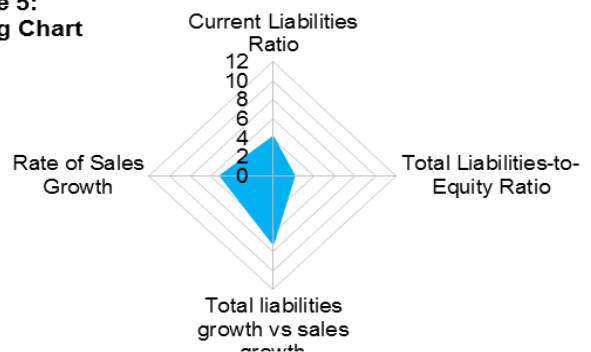
PERFORMANCE CHARTS



PERFORMANCE METRICS

Figure 4: Key Ratios	%	SGD	
		31/08/2015	31/08/2014
Current Liabilities Ratio	48.4%	<i>Current Liabilities</i>	
		2,938,292	3,039,976
Total Liabilities-to-Equity Ratio	232.5%	<i>Total Liabilities</i>	
		4,248,416	3,317,268
Total Liab. Growth vs Sales Growth	29.3%	<i>Sales</i>	
		8,107,078	8,205,666
Rate of Sales Growth	-1.2%		

Figure 5: Rating Chart



Rating is based on 12 being "highest rating" and 1 being "lowest rating"

HOW TO USE THIS REPORT

- Financiers such as bank and private lenders should use this report under two circumstances: 1. At the point of lending 2. Upon lending, they can get a sense of how the balance sheet risks may evolve based on ascertaining their risk appetite at the onset. The effects of ascertaining risk appetite usually come at a later stage; and it is a powerful indicator to determine where the firm is heading and how it is going to finance its plans.

PRODUCTIVITY RATING (PRR)

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N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

High Productivity levels	Reasonably Good Productivity levels	Average Productivity levels	Highly Constrained Productivity levels
Utilisation of assets and resources was highly efficient in profit generation	Utilisation of assets and resources generated reasonable levels of profits	Utilisation of assets and resources generated moderate levels of profits	Poor utilisation of assets and resources generated limited levels of profitability
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

PRR SCORE

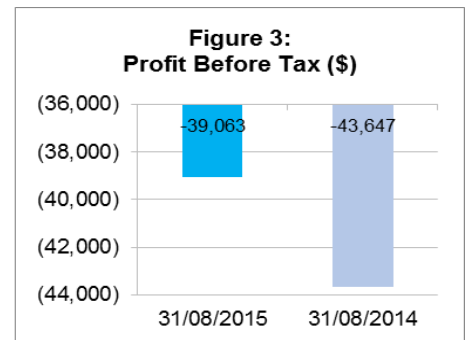
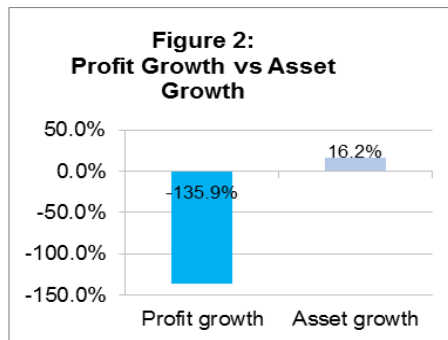
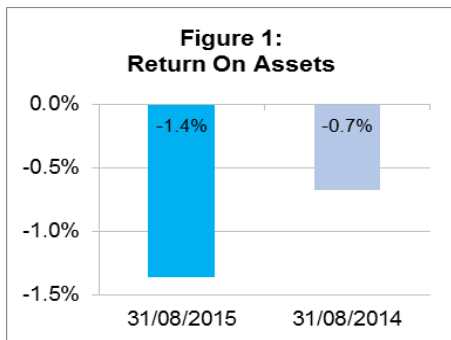
5.9

Utilisation of assets and resources generated moderate levels of profits

- The firm's profitability experienced a slightly negative growth compared to previous period when compared against its asset base.
- The use of the firm's assets had generated limited level of profitability for the business.
- The profitability growth experienced by the firm was average, compared to the previous year.
- Above average growth of the firm's asset base was experienced during the period. It appeared to be in a strong expansionary mode via asset growth.

Optional: Productivity Roadmap Report to identify what can be done to improve the performance.

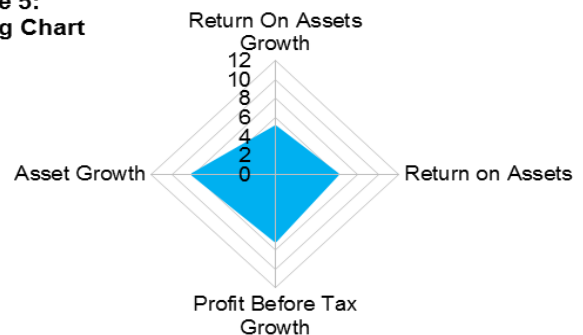
PERFORMANCE CHARTS



PERFORMANCE METRICS

Figure 4: Key Ratios	%	SGD	
		31/08/2015	31/08/2014
Return On Assets Growth	-0.7%	<i>Total Assets</i>	
		6,075,457	5,227,204
Return on Assets (after tax)	-1.4%	<i>Profit After Tax</i>	
		(82,895)	(35,145)
Profit Before Tax Growth	10.5%	<i>Profit Before Tax</i>	
		(39,063)	(43,647)
Asset Growth	16.2%		

Figure 5: Rating Chart



Rating is based on 12 being "highest rating" and 1 being "lowest rating"

HOW TO USE THIS REPORT

- Financiers with vested interests in the firm are required to know the performance of assets that have been invested by the firm. The asset structure of the firm is a good indicator of how resourceful or efficient management has been in order to generate profits for the period; and to what extent this has been achieved.

KEY FINANCIAL RATIOS

COMPANY INFORMATION

Date of Report: 29 August 2016

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SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

KEY FINANCIAL DATA

SGD	31/12/2015	31/12/2014	%Chg
Sales	8,107,078.00	8,205,666.00	-1.2%
Profit Before Tax	(39,063.00)	(43,647.00)	10.5%
Profit After Tax	(82,895.00)	(35,145.00)	-135.9%
Total Asset	6,075,457.00	5,227,204.00	16.2%
Total Liabilities	4,248,416.00	3,317,268.00	28.1%
Current Liabilities	2,938,292.00	3,039,976.00	-3.3%
Shareholder Fund	1,827,041.00	1,909,936.00	-4.3%

PERFORMANCE METRICS

Business Performance	Percentage
Rate of Sales Growth	-1.2%
Rate of Cost Growth	-1.3%
Cost/Sales Growth	-0.1%
Profit Margin (after tax)	-1.0%
Profit Margin Growth	-0.6%

Shareholder Value	Percentage
Return on Equity (pre tax)	-2.1%
Total Liabilities-to-Equity Ratio	232.5%
Profit Before Tax Growth	10.5%
Profit Margin (after tax)	-1.0%

Risk & Liabilities	Percentage
Current Liabilities Ratio	48.4%
Total Liabilities-to-Equity Ratio	232.5%
Total Liab. Growth vs Sales Growth	29.3%
Rate of Sales Growth	-1.2%

Productivity	Percentage
Return On Assets Growth	-0.7%
Return on Assets (after tax)	-1.4%
Profit Before Tax Growth	10.5%
Asset Growth	16.2%

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DUE DILIGENCE REVIEW

COMPANY INFORMATION

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N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

IMPLEMENTATION ROADMAP: PHASE ONE (I)

ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
<p>BUSINESS PERFORMANCE REPORT (BPR)</p> <p>Very slight decline in profit margins was experienced whereas company growth has been fairly consistent year on year.</p>	<ul style="list-style-type: none"> Seek inputs if Management has formulated a business strategy to improve margins for subsequent years. Ascertain if there are going to be any improvements to be made on the business model of the firm. Check if there are concentration of customer base within its revenue mix. Check if there are limited product/service lines that may be less relevant for the changing demographics or settings. 		
<p>SHAREHOLDER VALUE REPORT (SVR)</p> <p>High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result.</p>	<ul style="list-style-type: none"> Determine whether the liability in the firm is short-term or long-term and what it is the cost to the firm, to maintain this level of debt in the business. Perform an analysis to determine whether the existing level of debt, is threatening the on-going nature of the firm and assess to what extent its asset-liability management can be improved. Discuss with management on the potential for leveraged recapitalisation or debt restructuring in the business. Perform an analysis to determine whether the existing level of debt is threatening the on-going nature of the firm and assess to what extent its asset liability management can be improved. Perform an analysis on the long-term debt in the business in terms of purpose, nature and financing costs. 		
<p>RISK AND LIABILITIES REPORT (RLR)</p> <p>There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.</p>	<ul style="list-style-type: none"> Assess the market place for products and services which may be used as a replacement or substitute for the firm's existing products and services. Perform an assessment of the changes in demand for the goods and services, at different varying prices. Identify the individual products which contribute least to the topline and consider removing them from the product range. Perform a price analysis to determine whether there had been any price adjustments which resulted in higher volumes but lower prices. Develop and review a customer/client database and individually assess each customer/client for their potential to the firm. 		
<p>PRODUCTIVITY REPORT (PRR)</p> <p>The profitability growth experienced by the firm was average, compared to the previous year.</p>	<ul style="list-style-type: none"> Examine to what extent price margins or debt acquisition was responsible for the increased level of profits. Assess to what extent was the increase in profitability, generated by increased risks undertaken by the firm. Analyse whether the profitability growth experienced by the firm is sustainable, or whether it was more of a short term improvement. Determine whether the increased level of profitability growth was a result of a single client / contract. Identify whether the firm's dominant position, can be maintained through organic or non-organic means, 		

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IMPLEMENTATION ROADMAP: PHASE TWO (II)

	ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
BUSINESS PERFORMANCE REPORT (BPR)	The cost of generating additional revenue was almost neutral compared to the previous year.	<ul style="list-style-type: none"> Examine possibilities of structural drivers within the industry and company that impact the revenue-cost structure of firm. Determine the cost of marketing and sales operations over the years relative to sales growth. Obtain the supplier listings and analyse the relationships and credit costs associated with each transaction. Evaluate across the value chain of processing and delivering goods/services within the firm. 		
SHAREHOLDER VALUE REPORT (SVR)	There was an average profitability growth experienced by the firm, compared to the previous year.	<ul style="list-style-type: none"> Determine whether the main reason for profits growth was due to margins/sales management or leverage. Ascertain the level of risks undertaken by the firm to generate the current/recent profit growth. Evaluate the sustainability of the performance in subsequent years as this may be a one-off streak. Examine whether there are single major client or large contract that resulted in the strong performance. Ascertain whether there are any possible mergers and acquisitions or non-organic growth to maintain position. 		
RISK AND LIABILITIES REPORT (RLR)	The firm registered a faster liability growth than its sales growth during the period. The drive for expansion appeared to be driven by aggressive gearing process, rather than margins and pricing management.	<ul style="list-style-type: none"> Evaluate liability trends in past years and compare against revenue. Assess creditor payment policies and drawdown facilities to have better understanding how the firm manages its liabilities. Examine the firm's access to trade finance and long-term financing facilities. Obtain insights on the firm's expansion plans and financing strategies. Ascertain the extent the firm relies on internal financing to expand or manage its working capital needs. 		
PRODUCTIVITY REPORT (PRR)	Above average growth of the firm's asset base was experienced during the period. It appeared to be in a strong expansionary mode via asset growth.	<ul style="list-style-type: none"> Establish understanding of how the acquired assets formed part of the expansion plans of the firm. Check their rates of revenue and profitability arising from the rapid asset expansion trends experienced by firm. Ascertain the types of assets being acquired; trade versus non-trade. Evaluate whether the acquired assets are part of a horizontal or vertical types of expansion. 		

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IMPLEMENTATION ROADMAP: PHASE THREE (III)

ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
BUSINESS PERFORMANCE REPORT (BPR)	There was a negligible movement in costs for the firm during the period.	<ul style="list-style-type: none"> Compare the cost behaviour against sales and profitability performance. Clarify how sustainable the cost containment will be. Identify trends and drivers in the industry that may affect expenditure levels in the future. 	
SHAREHOLDER VALUE REPORT (SVR)	Profit levels remained modest relative to sales. May not be adequately attractive for shareholders who may demand for higher margins.	<ul style="list-style-type: none"> Identify customer base of firm and review its growth rate over the past few years. Clarify any client retention programs adopted by the firm to maintain client base. Examine absolute profit figures and trace back at least 5 years to assess volatility levels. Obtain management estimates of future profitability and revenue projections. 	
RISK AND LIABILITIES REPORT (RLR)	Weak balance sheet position with high risk exposure to liabilities relative to equity. Shareholder funds were not adequate to cover all of the firm's obligations.	<ul style="list-style-type: none"> Gain more insights into the liability duration structure and cost of financing for firm. Assess going concern of firm and establish if the firm can improve its asset-liability management. Discuss with management on liability restructuring plans, if any. Review current liabilities and assess their purpose and cost of financing. Review non-current liabilities and assess their purpose and cost of financing. 	
PRODUCTIVITY REPORT (PRR)	The firm's profitability experienced a slightly negative growth compared to previous period when compared against its asset base.	<ul style="list-style-type: none"> Review the relationship between total asset and profit trends the past five years and analyse by types. Determine how their fixed assets are configured for profit generation in past years. Determine the extent of how they manage their working capital to generate profits in past years. Ascertain the current condition and quality of the firm's assets. 	

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IMPLEMENTATION ROADMAP: PHASE FOUR (IV)

ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
<p>BUSINESS PERFORMANCE REPORT (BPR)</p> <p>Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent.</p>	<ul style="list-style-type: none"> Conduct a competitive analysis of similar products and services in the marketplace. Evaluate the price elasticity of the underlying goods and services. Phase out slow moving offerings in the sales mix. Review pricing policy and margins - whether any adjustments had resulted in lower volume but higher margins. Rank and tier the quality of customers; evaluate the value-add that each customer brings to the firm. 		
<p>SHAREHOLDER VALUE REPORT (SVR)</p> <p>The shareholders attained below average returns based on their investments during the period. Firm's underlying valuation would likely be subdued during the period.</p>	<ul style="list-style-type: none"> Ascertain whether the losses are due to structural or cyclical (seasonal) effects. Further examine the relevance and demand of the firm's products in the marketplace. Obtain listings of key clients and ascertain whether any pullout from any of its customers that caused the decline. Assess whether there have been structural downward changes in pricing expectations from customers. Gather past performance data and future estimates on pipelines and orders for a longer trend analysis. 		
<p>RISK AND LIABILITIES REPORT (RLR)</p> <p>Somewhat high reliance of short-term creditors/financing relative to asset base - quite dependent on creditor financing in the short-term.</p>	<ul style="list-style-type: none"> Check cost of financing of creditors and impact on profitability. Examine the terms and penalties imposed by creditors, if any - for longer-than-expected funding duration Obtain and seek medium to long-term financing to extend funding duration. Explore equity option as part of long-term expansion plans. Evaluate existing relationships with creditors and check for existence of supplier concentration or related-party suppliers. 		
<p>PRODUCTIVITY REPORT (PRR)</p> <p>The use of the firm's assets had generated limited level of profitability for the business.</p>	<ul style="list-style-type: none"> Review the relationship between total asset and profit trends the past five years and analyse by types. Determine how their fixed assets are configured for profit generation in past years. Determine the extent of how they manage their working capital to generate profits in past years. Ascertain the current condition and quality of the firm's assets. 		